

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Tax and Fiscal Policy, to which was referred Engrossed House Bill No. 1461, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 9, delete lines 24 through 28, begin a new paragraph and
2 insert:
3 **"(d) As used in this section, "qualified taxpayer" means a**
4 **taxpayer that on the effective filing date of the claimed invention:**
5 **(1) is either:**
6 **(A) an individual or corporation, if the number of**
7 **employees of the individual or corporation, including**
8 **affiliates as specified in 13 CFR 121.103, does not exceed**
9 **five hundred (500) persons; or**
10 **(B) a nonprofit organization or nonprofit corporation as**
11 **specified in:**
12 **(i) 37 CFR 1.27(a)(3)(ii)(A) or 37 CFR 1.27(a)(3)(ii)(B);**
13 **or**
14 **(ii) IC 23-17; and**
15 **(2) is domiciled in Indiana."**
16 Page 9, line 29, delete "(f) and (g)," and insert **"(g) and (h),"**.
17 Page 9, between lines 37 and 38, begin a new line block indented
18 and insert:
19 **"(4) Subject to subsection (f), income from the taxpayer's own**
20 **use of the taxpayer's qualified patent to produce the claimed**
21 **invention.**

(f) The exemption provided by subsection (e)(4) may not exceed the fair market value of the licensing fees or other income that would be received by allowing use of the qualified taxpayer's qualified patent by someone other than the taxpayer. The fair market value referred to in this subsection must be determined in each taxable year in which the qualified taxpayer claims an exemption under subsection (e)(4)."

Page 9, line 38, delete "(f)" and insert "(g)".

Page 9, line 41, delete "(g)" and insert "(h)".

Page 9, line 42, delete "ten (10)" and insert "seventeen (17)".

Page 10, line 4, delete "One hundred percent (100%)" and insert "Twenty-five percent (25%)".

Page 10, delete lines 7 through 16, begin a new line block indented and insert:

"(2) Ten percent (10%) each year for the sixth taxable year through the seventeenth taxable year in which the exemption is claimed for the qualified patent."

Page 10, line 17, delete "(7)" and insert "(3)".

Page 10, line 18, delete "tenth" and insert "seventeenth".

Page 10, line 20, delete "(h)" and insert "(i)".

Page 10, between lines 26 and 27, begin a new paragraph and insert:

"(j) On or before December 1 of each year, the department shall provide an evaluation report to the legislative council, the budget committee, and the Indiana economic development corporation. The evaluation report must contain the following:

(1) The number of taxpayers claiming an exemption under this section.

(2) The sum of all the exemptions claimed under this section.

(3) The North American Industry Classification System code for each taxpayer claiming an exemption under this section.

(4) Any other information the department considers appropriate, including the number of qualified patents for which an exemption was claimed under this section.

The report required under this subsection must be in an electronic format under IC 5-14-6."

Page 11, line 24, delete "P-Series;" and insert "P-Series fuels; or".

Page 11, line 25, delete "electricity; or" and insert "electricity."

Page 11, delete line 26.

(Reference is to EHB 1461 as printed March 20, 2007.)

and when so amended that said bill do pass.

Committee Vote: Yeas 11, Nays 0.

Kenley

Chairperson